

**PPC GUIDANCE FOR USAID MISSIONS ON IMPLEMENTING  
THE PARIS DECLARATION ON AID EFFECTIVENESS  
MARCH 2006**

Background

Ministers and Donor Agency Heads from over 100 developing countries and donor institutions, including the USAID Administrator, endorsed the Paris Declaration on Aid Effectiveness on March 2, 2005. USAID played an active role in the negotiations, with USG interagency agreement, and the USG strongly supports its implementation.

The Paris Declaration seeks to encourage locally developed action plans and coordinating processes based on a more frank recipient-donor dialogue and more equal partnership, with a view to improving aid effectiveness and achieving better development results.

We support most of the Paris targets subsequently negotiated, except for those relating to country public financial management and procurement systems. The U.S. has important issues with the methodology for defining and assessing quality procurements systems (Targets 5b.i and .ii) and financial systems being reformed (target for 5a.ii). For the same reasons we have a reservation on targets relating to indicator 2. We are working with the DAC to resolve these issues. Broadly speaking, we support the progressive improvement of country systems.

This guidance is intended to help USAID play a proactive role in the development of local implementation plans and processes for the Paris Declaration. Several partner countries (e.g., Vietnam, Zambia, South Africa, and Nicaragua) have begun developing their own action plans with targets tailored to local needs. These are resulting in compacts, memoranda of understanding, or other agreements.

Implementation

USAID Missions are encouraged to join other donors in endorsing local agreements to the fullest extent possible. If the agreements surface inconsistencies with USAID policy or practices, particularly as specified in ADS Chapters 200 to 203, or if certain provisions within the agreements raise problems, Missions are encouraged to seek revisions that would allow for USAID support. If that is still not possible, then Missions are encouraged to qualify any endorsement rather than opt out categorically. Some USAID Missions have already endorsed local plans. Missions are always encouraged to refer to ADS Chapters 200 to 203, consult with their RLA and/or USAID/GC prior to endorsing local agreements, and raise policy issues and problems with PPC/DCO and their Bureau's program office. Missions in countries eligible for the Millennium Challenge Account should consult with MCC field or headquarter staff.

USAID Missions should use these agreements as an opportunity to apply the Administrator's nine principles for effective development and reconstruction, to further the USG aid agenda and agency reforms, and to expand the range of implementation mechanisms in order to deliver assistance programs more effectively and to achieve greater development impact. Link to USAID Nine Principles: [http://www.usaid.gov/policy/2005\\_nineprinciples.html](http://www.usaid.gov/policy/2005_nineprinciples.html)

The USG endorsed all the commitments and the 12 global indicators of progress in the Paris Declaration but, it is important to note, the USG did not endorse the procurement and financial management targets per above. In measuring progress, the Paris Declaration focuses on "collective" donor actions in meeting the targets. This global approach gives USAID some flexibility on how much they can contribute, depending on the target. The USG views some targets as more readily achievable than others. And USAID is more apt to contribute to the achievement of targets that are set at a realistic level.

Country targets can be set at different levels from the global targets and tailored to local circumstances. USAID bilateral and regional programs and activities generally target local circumstances, and often include intermediate steps in regular reporting of results. USAID-supported targets, therefore, are likely to contribute to the overall targets.

#### OECD/DAC Working Party on Aid Effectiveness

The OECD/DAC Working Party on Aid Effectiveness (WP-EFF) is taking the lead in “tracking and encouraging progress at the global level among the countries and agencies that have agreed to the Declaration.” To this end, progress will be measured at the country level against the Paris Declaration indicators. These indicators and targets provide a framework to make the mutual responsibilities contained in the Paris Declaration operational. Link to DAC Working Party on Aid Effectiveness: <http://www.oecd.org/dac/effectiveness>

The Working Party on Aid Effectiveness established a Joint Venture on Monitoring the Paris Declaration (JV-MPD) tasked with coordinating international monitoring of indicators for the first round of consultation to be undertaken in 2006. The goal is a consistent aggregation of information on indicators across a range of countries and donors to be summed up in periodic reports. The country monitoring exercise is designed to encourage and build on local coordinating and reporting processes. Link to Joint-Venture on Monitoring the Paris Declaration: <http://www.oecd.org/dac/effectiveness/monitoring>

The Joint Venture on Monitoring the Paris Declaration is designing a survey in order to begin monitoring progress against the Paris Declaration indicators. The survey will consist of donor and partner country questionnaires and associated technical guidance. A first round of monitoring will take place in May-August 2006 and serve to establish a firm, comprehensive baseline based on 2005 data.

Recognizing areas in which the U.S. still has reservations (i.e., targets for 2a, 2b, 5a, and 5b), Missions are nonetheless asked to do their best to answer the questions on the survey. In its current iteration, both 2a and 2b are being addressed as part of a desk review of World Bank and the DAC Joint Venture on Procurement documents and are not included in the survey. And whereas the U.S. does not agree with the targets currently established for 5a and 5b, the survey seeks to establish a baseline for future comparisons and, again, Missions are encouraged to comply if the information is known and readily available.

USAID is supporting these efforts by facilitating the field testing of the survey in Senegal and South Africa and by providing a consultant to the DAC Secretariat to support the Joint Venture on Monitoring the Paris Declaration. Field testing of the survey also will be carried out in Ghana, Nicaragua, Uganda, and Cambodia at the invitation of country authorities beginning in February/March 2006.

#### Frequently Asked Questions (FAQs)

Attached for your ready reference is a list of Frequently Asked Questions (<http://ppc.usaid.gov/documents/6/FAQ%20Guidance%20on%20Aid%20Effectiveness%203.28%20version%2012.doc>). PPC/DCO will update this list periodically as new questions are received. If you need more specific guidance having to do with your own country processes and plans please contact: Norman Nicholson, PPC/DCO, Robert Kahn, PPC/DCO or George Carner, USOECD/DAC. The USAID/PPC website offers updates on guidance and information regarding the Paris Declaration: (<http://ppc.usaid.gov/>).

Doc.P/PPC/DCO/PUB/AID Effectiveness/DAC-PPC Guidance for USAID Missions on  
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